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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE HOG SITUATION

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Summary

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U. S. Department of Agriculture

Steady to higher prices for hogs are in prospect for the summer months, according to the Bureau of Agricultural Economics. Marketings of hogs probably will be reduced seasonally during the next 2 months and storage stocks of pork and lard are relatively small. The effects of the reduced supplies upon prices, however, will be partly offset by prospects for continued weakness in consumer demand for meats. Although some seasonal decrease in marketings from current levels is expected during the summer, supplies will be larger than the small marketings last summer.

Hog prices rose from mid-May to early June after having declined almost steadily from early March to early May. For the week ended June 11 the average price of hogs at Chicago was \$8.63, about 75 cents higher than a month earlier, but nearly \$2.50 lower than a year earlier. The price advance in recent weeks probably was brought about by the failure of hog marketings to increase as much as had been expected earlier along with the very small storage stocks now on hand.

The report of this Bureau on the 1938 spring pig crop will be released June 29. On the basis of the estimates and indications to be given in this report, prospects for supplies and prices of hogs in 1938-39 will be discussed in detail in the July issue of the Hog Situation.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND. - Hog prices last summer reached the highest level in more than a decade as a result of very short supplies and fairly favorable demand conditions. During the fall and early winter, hog marketings increased sharply, and consumer and storage demand for hog products weakened. A marked decline in hog prices resulted. A moderate improvement in prices occurred from late January to early March, with the average weekly prices of hogs at Chicago reaching about \$9.40. At the winter low point in mid-December the Chicago weekly average was about \$7.75. In mid-August however, before the decline in prices began, the weekly average was about \$12.40.

Hog prices advance in late May and early June

Hog prices rose from mid-May to early June, after having declined almost steadily from early March to early May. The average price of hogs at Chicago for the week ended June 11 was \$8.63, compared with about \$7.90 in early May. In early June last year the weekly average price at Chicago was slightly more than \$11. The rise in prices in recent weeks probably was brought about by failure of hog slaughter to increase as much as had been expected earlier along with the small storage stocks of pork and lard now on hand.

Hog marketings in May larger than a year earlier

Inspected hog slaughter in May totaled 2,585,000 head, slightly more than 100,000 head greater than in April and 23 percent larger than in May last year. The proportion of packing sows in the market supplies increased seasonally in May and June, and partly because of this, average weights of all hogs marketed increased somewhat. The average weight of butcher hogs likewise increased during May. The following table gives the number, weight, and price of hogs slaughtered under Federal inspection by months thus far in marketing year, which began last October, with comparable figures for last year.

Inspected slaughter, live weight, and cost to packers for hogs,
by months, October - May 1936-37 and 1937-38

Month	1936-37				1937-38			
	Inspected	Live weight	Total	cost	Inspected	Live weight	Total	cost
	slaughter	Average	Total	to	slaughter	Average	Total	to
	1/	:	:	:packers	1/	:	:	:packers
	Thousands	Pounds	Million pounds	Million dollars	Thousands	Pounds	Million pounds	Million dollars
Oct.	3,492	213	742	70	2,711	225	611	62
Nov.	4,292	211	906	84	3,295	225	741	63
Dec.	4,681	215	1,008	99	3,958	229	906	71
Jan.	3,519	217	765	78	4,201	234	983	78
Feb.	2,842	219	623	61	2,833	228	647	53
Mar.	3,033	220	666	67	2,610	228	594	53
Apr.	2,810	217	611	61	2,462	230	565	47
May	2,099	221	463	49	2,585	2/ 233	2/602	2/49
Oct.-May	3/ 26,767	216	5,785	569	24,655	229	5,649	477

1/ Bureau of Animal Industry.

2/ Preliminary.

3/ Totals of unrounded figures.

Stocks of pork and lard on June 1 much smaller than year earlier

Storage stocks of pork decreased seasonally in May, but lard stocks increased slightly as they usually do during the month. June 1 storage holdings of pork totaled 451 million pounds, about 32 percent smaller than a year earlier; they were only slightly larger than on June 1, 1936, when pork stocks were the smallest on record. Stocks of lard on June 1 were 36 percent smaller than a year earlier. Total storage holdings of pork and lard on June 1 were 284 million pounds smaller than a year earlier. This decrease in stocks is equivalent to the products obtainable from approximately 1.8 million head of hogs of average market weight.

Storage holdings of pork and lard on the first of the month,
specified months

Month	: 5-year average : : 1929-30 to 1933-34:		1936-37		: 1937-38	
	: Pork : Lard		: Pork : Lard		: Pork : Lard	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Oct.	530	109	362	102	283	73
Jan.	565	72	667	146	399	54
Apr.	731	105	756	217	544	121
May	733	113	756	209	501	122
June	722	128	664	194	1/451	1/124

1/ Preliminary.

Pork prices rise in May

Wholesale prices of both fresh and cured pork advanced during the first half of May, and were about steady during the remainder of that month and in early June. Lard prices were fairly steady during May, but the average price of refined lard at Chicago was the lowest for any month since July 1934. In late May prices of fresh pork were higher than at any time since last October, but prices of cured pork in May were lower than in March.

Exports of pork and lard in April larger than year earlier

Exports of pork in April amounting to nearly 7 million pounds, were smaller than in March but were 1.5 million pounds larger than in April last year. Although most of the increase in pork exports in recent months over a year earlier has been in cured pork, exports of fresh pork also have been considerably larger. The quantity of fresh pork exported, however, is still relatively small, seldom exceeding 1 million pounds per month.

Lard exports in April totaled 15.5 million pounds, slightly smaller than in March but nearly twice as large as in April last year. Nearly 11 million pounds of the April lard exports were consigned to Great Britain and about 3 million pounds to Cuba.

Imports of pork into the United States amounted to about 5 million pounds in April, or about the same as a year earlier. The April imports, however, were considerably smaller than those of March.

OUTLOOK

The report giving the estimate of the 1938 spring pig crop will be released on June 29. Prospects for supplies and prices of hogs in 1938-39 will be discussed in detail in the July issue of the Hog Situation in light of the indications given in pig crop report. So far as can be determined there has been little change in the hog outlook during the past month; consequently a brief summary of supply and price prospects from the May issue of this report is given.

(1) Slaughter supplies of hogs for the remainder of the 1937-38 marketing year, ending September 30, will be larger than those of last summer. This increase in slaughter, however, will be offset in considerable part by the decrease in storage stocks of pork and lard from a year earlier.

(2) Although hog marketings this summer are expected to be larger than a year earlier some seasonal reduction in such marketings is probable during the next 2 months. The extent of this seasonal decrease will be affected by the number of sows and gilts retained for fall farrow. If corn crop prospects continue favorable, a considerable increase in the number kept for fall farrow over the number farrowing last fall is probable.

(3) On the basis of breeding intentions reported in December and other indications it appears probable that the 1938 spring pig crop will be larger than that of a year earlier. If corn crop prospects continue favorable it is also expected that the 1938 fall pig crop will be larger than last year. Larger pig crops in 1938 will mean that market supplies of hogs in the 1938-39 marketing year, beginning next October, will be considerably larger than in the present marketing year.

(4) Some seasonal advance in hog prices during late summer appears probable in view of the expected seasonal reduction in marketings.

Prospects for summer marketings

It was indicated in the May issue of this report that inspected hog slaughter in the summer season (May-September) might be about 2.6 million head larger than that of last summer. In view of the small seasonal increase in marketings during May and early June, it is possible that the increase in marketings this summer over last will be somewhat less than that indicated in May. The extent of the increase will depend partly upon the number of sows retained for farrow. It will also depend partly upon the volume of marketings of this year's spring pigs before October.

Indications as to volume of marketings of spring pigs in the late summer are somewhat conflicting. In some years, at least, when corn supplies have been fairly plentiful and the relation of hog prices to corn prices favorable for feeding, spring pigs have been held for feeding to heavy weights and have not been marketed to any great extent in the late summer. If corn crop prospects this year continue favorable the relation of hog prices to corn prices also will continue favorable for hog feeding, and this would indicate relatively small marketings of spring pigs prior to October. On the other hand it may be that many farmers, remembering the marked drop in hog prices after mid-August last year, will attempt to market part of their spring pigs as early as possible.

With present storage stocks of pork and lard relatively small and with some seasonal reduction in hog marketings expected in late summer, steady to higher hog prices in the next 2 months are probable. The effects upon prices, however, may be partly offset by prospects of continued weakness in consumer demand for meats.

Large seasonal increase in marketings expected in the fall

Since it is believed that the 1938 spring pig crop was larger than that of 1937 and that marketings next fall and winter will be larger than a year earlier, the seasonal increase in hog marketings in the fall and early winter probably is expected to be relatively great. The percentage increase in marketings, however, may not be so great as that from August to January last year. It is also probable that seasonal decline in hog prices next fall will be considerably less than the sharp drop that occurred last fall.

Prices of hogs and hog products, specified periods

Item	Unit	May	Apr.	May	Oct. - Sept.		Oct.-May									
					Average:		:									
					1928-29:1935-:		1936-:1936-:1937-									
					1937:1938:1938		to 36:37:37:38									
: Dollars:																
Average price: : per 100:																
Seven markets,: pounds : 10.56 8.09 7.98 1/ 9.64 10.28 9.81 8.36																
Chicago,: do. : 10.73 8.28 8.20 6.99 9.90 10.49 10.02 8.55																
: :																
U. S. average price : received by farmers....: do. : 9.39 7.77 7.35 6.48 9.15 9.66 9.15 8.05																
: :																
Prices of hog products, : Chicago: :																
Loins, 8-10 lb.: do. : 24.89 19.92 20.22 17.07 21.21 22.29 19.85 18.61																
Hams, smoked, reg. No. 1: :																
10-12 lb.: do. : 24.34 23.53 23.00 20.31 26.58 24.65 23.48 23.61																
Bacon, smoked No. 1, : dry cured, 6-8 lb. ...: do. : 27.38 25.94 24.62 23.71 30.86 28.58 27.25 27.68																
Lard, refined, : H. W. tubs: do. : 12.88 9.35 9.25 9.68 12.65 13.13 13.08 10.23																
: :																
Average price of No. 3 : Cents : Yellow corn, Chicago ...: per lb.: 135 59 58 62 74 115 116 58																
: :																
Hog-corn price ratio: 2/: Chicago: Bushel : 8.0 14.1 14.2 11.6 14.1 9.2 8.7 14.7																
North Central States. : do. : 8.0 16.8 15.8 12.9 15.8 9.5 8.9 17.4																
: :																
Proportion of packing : sows in total packer : and shipper purchases, : seven markets 3/.....: Percent: 9.0 3.0 6.0 1/ 16.0 15.0 6.0 6.0																
: :																
Average weight at seven : markets: Pound : 232 242 247 1/ 241 231 220 239																
: :																

1/ Not available.

2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

3/ Monthly figures computed from weekly averages.

Supplies of hogs and hog products, specified periods

Item	Unit	Apr.	Mar.	Apr.	Oct. - Sept.		Oct. - Apr.			
					: Average:		:			
					1928-29:	1935-:	1936-:	1936-:		
					1937:	1938:	1938:	1937:		
: : : : : 1932-33: : : :										
Hog slaughter under:										
Federal inspection:										
Number	Thou- slaughtered 1/	sands	2,810	2,610	24,621	46,363	31,022	34,142	24,669	22,070
Live weight:										
Average	Pound	217	228	230	231	232	221	216	229	
Total	Mil. lb.	611	594	565	10,723	7,191	7,538	5,322	5,047	
Dressed weight:										
Average	Pound	164	172	173	175	175	164	161	172	
Total	Mil. lb.	459	447	426	8,069	5,402	5,586	3,959	3,782	
Yield of lard										
per 100 pounds:										
live weight of:										
hogs	Pound	11.2	13.1	13.3	15.2	12.1	10.9	11.5	12.2	
Production of										
lard	Mil. lb.	68	78	75	1,630	870	833	610	618	
Apparent										
consumption:										
Pork, includ- ing lard 2/	do.	457	464	452	7,171	5,124	5,601	3,402	3,374	
Lard	do.	68	57	59	961	712	756	443	441	
Exports: 3/										
Pork	do.	5	9	7	211	69	59	34	49	
Lard	do.	8	16	16	657	101	107	59	128	
Imports of pork 3/:	do.	5	7	5	6	32	72	38	35	
Proportion of sows:										
in inspected										
slaughter 4/....	Percent	49.3	47.0	47.0	51.2	51.9	51.1	49.1	47.2	

1/ Bureau of Animal Industry.

2/ Represents apparent disappearance of federally inspected pork plus unrendered hog fats.

3/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard.

4/ Includes gilts.